

**STAFF REPORT  
INFORMATIONAL  
79**

A Statewide

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**INFORMATIONAL UPDATE ON THE IMPLEMENTATION  
OF THE COMMISSION'S 2016-2020 STRATEGIC PLAN**

**BACKGROUND:**

This informational staff report provides an update on staff's progress during 2018, year 3, of the Commission's five-year Strategic Plan. The Commission adopted its Strategic Plan at its December 18, 2015 public meeting ([Item 117, December 18, 2015](#)) The Plan, the culmination of robust stakeholder input and collaboration, guides the Commission's stewardship of public lands and resources, including meeting challenges such as adapting to sea-level rise, addressing climate change, and promoting public access.

The Strategic Plan contains the following Strategic Goals:

- Lead Innovative and Responsible Land and Resource Management
- Meet the Challenges of Our Future
- Engage Californians to Help Safeguard Their Trust Lands and Resources
- Cultivate Operational Excellence by Integrating Technology

The Commission manages millions of acres of state-owned lands and resources. Its primary responsibilities are to manage the use and protection these lands and resources through leases and other agreements, as well as to prevent oil spills at offshore facilities and marine oil terminals and protect state waters from marine invasive species introductions. The Strategic Plan enables the Commission to adapt to emerging challenges, while creating a meaningful and rich framework to effectuate state policy goals, promote public access, generate revenue for the benefit of California's State Teachers Retirement System, and enforce the protections of the Public Trust Doctrine.

**NOTABLE ACCOMPLISHMENTS IN 2018:**

There has been considerable progress in year 3 of the Strategic Plan. First and foremost, the Commission celebrated its 80<sup>th</sup> anniversary. Since its creation in 1938, the Commission has been led by 19 Lt. Governors, 11 State Controllers, and 32 Finance Directors and has generated over \$11,673,248,400 for the state of California. Presented below are the Commission's notable achievements in 2018.

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### Major Accomplishments:

**CALIFORNIA STATE LANDS COMMISSION**

# 2018 ACCOMPLISHMENTS

There has been considerable progress in Year 3 of the Strategic Plan. Presented below are the Commission's notable achievements in 2018.

- ★ ★ ★  
Adopted an Environmental Justice Policy informed by a comprehensive statewide outreach campaign.
- ★ ★ ★  
Plugged and abandoned the Becker Onshore Well in Santa Barbara County on schedule and under budget.
- ★ ★ ★  
Completed the San Diego Ocean Planning Partnership Preliminary Assessment.
- ★ ★ ★  
Plugged and abandoned 9 wells associated with the Rincon oil and gas leases in Ventura County.
- ★ ★ ★  
Completed the removal of Dennett Dam, a public health and safety hazard on the Tuolumne River in Modesto.
- ★ ★ ★  
Guaranteed and safeguarded equal pay and participation for female athletes through the approval of the Mavericks Professional Surfing Contest lease – a precedent-setting victory for equality in any sporting event held on state property.
- ★ ★ ★  
Participated in the Governmental Alliance for Race and Equity (GARE) Capitol Cohort Pilot. The Commission was one of 12 state agencies participating in order to build the capacity of the Commission to advance racial equity and opportunities for all.
- ★ ★ ★  
Completed the initial evaluation of the renewable energy potential of the Commission's lands and resources, including solar, wind, wave, geothermal, and biomass.
- ★ ★ ★  
Oil Spill Prevention:
  - Monitored 33 percent (1,847) of all oil transfers (5,534) conducted at California marine oil terminals (MOTs)
  - During this same period, 738,855,380 barrels of product were transferred at MOTs. Spills directly resulting from oil transfers during this time equaled 0.79 barrel, or 33 gallons, or about one billionth of all barrels transferred.
  - Through 2018, staff conducted 73 spot and annual inspections and 3 training and certification program reviews at MOTs.
- ★ ★ ★  
Marine Invasive Species Prevention:
  - Ballast water management compliance rate increasing consistently since 2014
  - Of the 11.9 million metric tons of ballast water discharged in 2018, 98%, by volume, was compliant with the Marine Invasive Species Act.
  - Based on vessel inspections (2,293) and GIS-based analysis of vessel-reported data, less than 0.5% of vessels arriving at California ports between July 2017 and June 2018 were in violation of the Marine Invasive Species Act.
- ★ ★ ★  
Revenue Generation: \$180 million dollars in revenue and net profits, an increase of almost 50% from 2017.



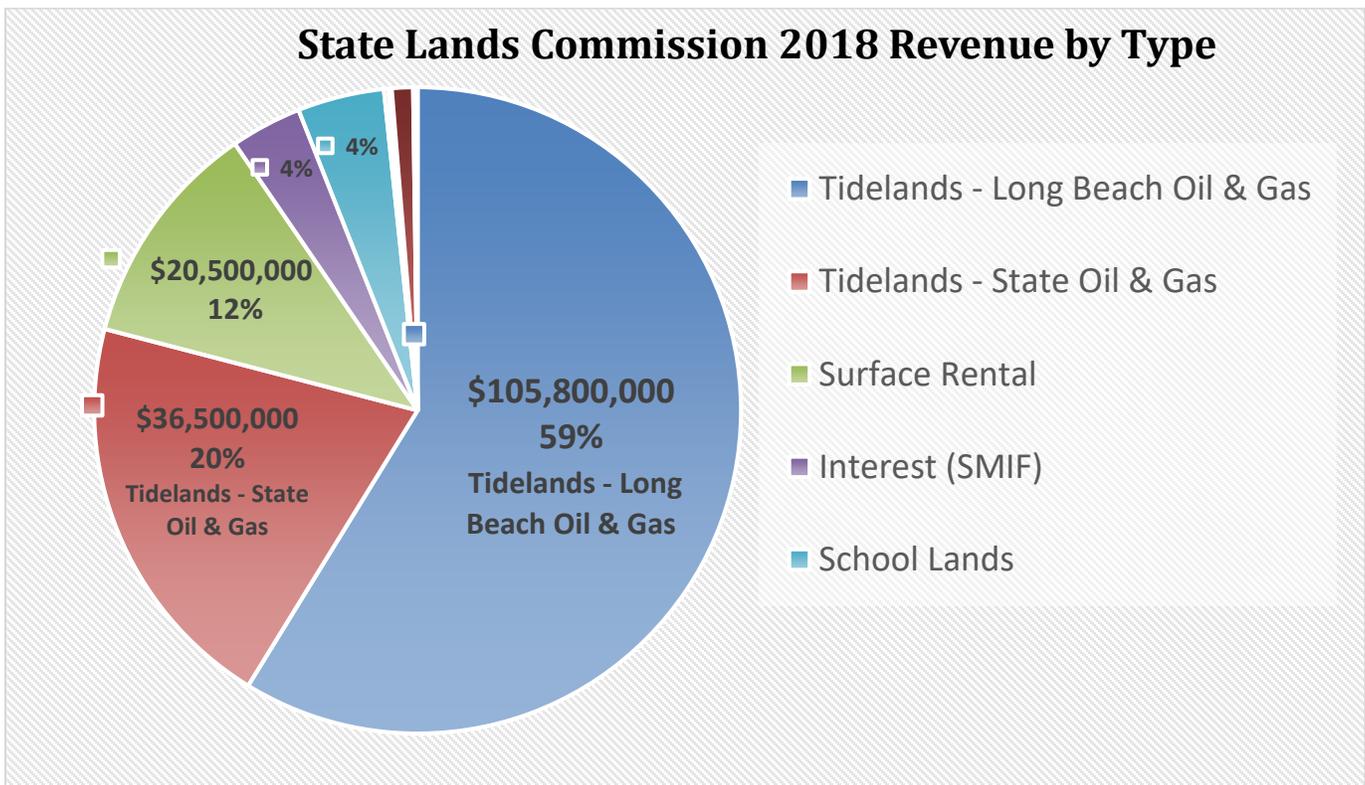
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**By the Numbers:**

At six public meetings in 2018, the Commission considered 497 action items, up from 473 action items in 2017. The Commission authorized 410 general leases—the majority being recreational leases for piers and docks in Lake Tahoe, the Sacramento River Delta, and Huntington Harbour in Southern California. The Commission also authorized 108 rent revisions, 98 rent continuations, 45 amendments, and 30 assignments.

The Commission generated over \$180 million dollars in revenue and net profits in 2018, which is almost 50 percent higher than the \$123 million generated in 2017. This is due largely to increases in oil prices over the course of the year. Although oil prices have dipped recently, in 2018 oil prices climbed from around \$60 per barrel to over \$75 per barrel at times. Most of the revenue, \$142.3 million, is from oil and gas royalties and net profits, of which \$105.8 is from the Long Beach Unit and West Wilmington fields. Approximately \$5.3 million of the revenue is from geothermal leases, while another \$1.3 million is from other mineral leases. Surface leasing accounted for \$20.5 million, of which \$1.5 million went to the Lake Tahoe Science and Improvement Account (SB 630, Pavley). Overall, the Commission’s leasing resulted in \$162.5 million to the General Fund and \$7.1 million to the California State Teachers’ Retirement System (CalSTRS).

With 234 positions, the total revenue generated by the Commission equates to over \$760,000 per position.



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**IMPLEMENTATION:**

Staff has developed an implementation plan that identifies the lead division and staff champion, as well as participating divisions for all Key Actions and Targeted Outcomes. There are 63 Key Actions and now 147 Targeted Outcomes. In 2018, an additional Targeted Outcome was added to identify school land sites suitable for electric vehicle charging stations. The plan identifies the approximate time during the Strategic Plan period for implementation of each Targeted Outcome—some may be completed in a specific year, while others are anticipated to take multiple years or will be implemented during the entire Plan period.

Forty-five Targeted Outcomes are now complete, up from 30 at the end of 2017. Another 88 are in progress. There are 10 Targeted Outcomes that have been deferred and four for which work has not yet started. The increase in the deferred items is due to dependencies on other Targeted Outcomes to be completed and competing workload priorities.

<b>Targeted Outcomes</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Completed:	7	30	45
In Progress:	109	106	91
Deferred:	0	4	10
Not Started:	20	6	1
Total	136	146	147

Most of the actions the Commission approved, 353, fell under Strategy 1.1: Deliver the highest levels of public health and safety in the protection, preservation and responsible economic use of the lands and resources under the Commission’s jurisdiction. Many also included Strategy 1.3: Protect, expand, and enhance appropriate public use and access to and along the State’s inland and coastal waterways. The next most prevalent strategies addressed in the Commission’s actions were Strategies 2.2, ensure timely receipt of revenues and royalties from the use and development of State lands and minerals, and 2.1, optimize returns for the responsible development and use of State lands and resources, both onshore and offshore.

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### **Lead Innovative and Responsible Land and Resource Management**

#### ***Surface Leasing and Land Management***

In 2018, the Commission received 247 surface lease applications, many of which are being processed and will be considered at future meetings. Most of the Commission's actions involve the issuance of general leases. As noted above, the Commission authorized 410 general leases in 2018. It also authorized 108 rent revisions, 98 rent continuations, 45 amendments, and 30 assignments, and other miscellaneous actions.

In 2018, the Commission's Boundary and Surveying team completed 10 surveys spanning 67 days of field work. The most extensive surveys were conducted at Donner Lake in Nevada County and Hollister Ranch in Santa Barbara County. Other surveys occurred in Santa Cruz, at Rincon Island in Ventura County, along the San Joaquin River, at the Bolsa Chica Ecological Reserve in Orange County, and at coastal hazard sites in Ventura and Santa Barbara counties. Staff also flew six unmanned aerial system (drone) missions, mostly in support of these surveys. The drone flights provide imagery (including video, overhead photos, and angled shots), orthomosaics, elevation data, and three-dimensional models.

Acting as the California Environmental Quality Act (CEQA) lead agency, the Commission adopted two mitigated negative declarations (MNDs) in 2018. Staff also prepared and circulated for agency and public review two Environmental Impact Reports (EIRs) and one MND for projects the Commission is anticipated consider in early 2019.

Finally, staff prepared 606 jurisdictional status determinations in response to private and public inquiries about the Commission's land ownership and jurisdiction. Staff issued 43 jurisdictional determination letters and 27 non-objection letters. Each document represents many staff hours of research and analysis.

Of particular note, at its October 2018 public meeting, the Commission authorized the issue of a lease of sovereign land for the Mavericks Challenge professional surfing contest offshore Pillar Point and Pillar Point Harbor in San Mateo County ([Item C27, October 18, 2018](#)). The Commission, in the wake of California designating surfing as the official state sport, approved a lease to the World Surf League for the Mavericks Challenge, an annual one-day competition that attracts surfers from around the world. The Commission's approval of this lease is notable because of the precedent-setting lease terms that call for equal numbers of male and female competitors and equal prize money for the winners of the Women's and Men's Divisions. This is a precedent-setting victory for equal pay in any sporting event held on State property.

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The Commission also authorized staff to hire a consultant to develop a school lands investment plan that will help guide the Commission in making revenue-generating acquisitions using the \$69 million currently in the School Land Bank Fund.

### ***Oil Spill Prevention***

The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act of 1990 covers all aspects of marine oil spill prevention and response and divides enforcement between the Commission and the Office of Spill Prevention and Response (OSPR), a division of the California Department of Fish and Wildlife. The Commission is responsible for the prevention aspects of the program. Staff perform inspections and safety audits of oil production facilities, including offshore platforms and islands. Staff also perform safety inspections of oil transfer facilities, including marine oil terminals. The Commission's prevention program has successfully limited the number and severity of oil spills in State waters. This is a testament to the commitment and dedication to safety by our lessees and staff.

#### Oil Production Facilities:

In 2018, staff conducted 1,924 safety inspections at 15 locations, including 148 monthly inspections, 216 follow-up inspections of deficiencies or safety device failures, and 1,560 pollution surveillance activities. Staff also perform safety audits of oil producing facilities on a five-year cycle and is on track to maintain this schedule. Each audit takes roughly six months to complete. During 2018, staff continued its progress on the audit of the four oil production islands in Long Beach and the associated onshore production and processing areas. In November, staff began a safety audit of Platform Holly in preparation for the upcoming well abandonments.

#### Oil Transfer Facilities:

In 2018, staff monitored 33 percent (1,847 monitors) of oil transfers (5,534 transfers) conducted at marine oil terminals (MOTs) in California. This represents a decline from 2017, during which 44% of every oil transfer was monitored. The decline is due to a shortage of personnel in both field offices. During this same period, 738,855,380 barrels of product were transferred at MOTs in California. Each barrel is 42 gallons. Spills directly resulting from oil transfers during this time were 0.79 barrel, or 33 gallons (approximately 0.0000001069% of all barrels transferred), or about one billionth of all the oil transferred. Through 2018, staff conducted 73 spot and annual inspections and 3 training and certification program reviews at MOTs.

Also, in 2018, staff became involved in the rulemaking process to update the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS). MOTEMS work includes expansion of the seismic provisions for nonstructural components, nonbuilding structures, and building structures to incorporate up-to-date technical standards, and enhancement of the illumination provisions to industry practices. On January 15, 2019, the California Building Standards Commission approved the revised 2019 MOTEMS.

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Staff also reviewed multiple MOTEMS audit reports, designs, drawings and inspections related submittals from all 34 MOTs in California. Overall, MOTs in California continue to make substantial progress toward compliance and most Northern California MOTs have achieved near full compliance. Staff has taken steps to address unmanaged systemic hazards at MOTs, including developing a systems safety risk identification and management program. Staff also worked with the Governor's Office of Emergency Services to revise the State Multi-Hazard Mitigation Plan, and partnered with the federal government to advance research in systems approach to accident prevention.

### ***Marine Invasive Species Prevention***

The Marine Invasive Species Program is a statewide multiagency program consisting of the Commission, California Department of Fish and Wildlife, State Water Resources Control Board, and the Department of Tax and Fee Administration. The Program is charged with moving the State expeditiously toward eliminating the discharge of nonindigenous species into state waters.

From July 2017 to June 2018, California ports received 11,253 arrivals from vessels that were subject to the Marine Invasive Species Act (i.e., vessels 300 gross registered tons or more and capable of carrying ballast water). Those arrivals represent 110 million square meters of vessel surfaces that are exposed to water (also known as wetted surface area) and can accumulate marine biofouling organisms. The largest share of arrivals (41%) occurred at the Los Angeles/Long Beach port complex, followed by the Port of Oakland (14%). Over 60 percent of the total arrivals were regional voyages coming from ports along the Pacific Coast. Following the same pattern observed in previous years, only 18 percent of vessels arriving at California ports discharged ballast water.

Of the 11.9 million metric tons of ballast water that was discharged during this period, 98 percent, by volume, was compliant with the Marine Invasive Species Act. The ballast water management compliance rate has been steadily increasing in recent years. Based on vessel inspections (2,293) and GIS-based analysis of vessel-reported data, less than 0.5 percent of vessels arriving at California ports between July 2017 and June 2018 violated the Marine Invasive Species Act.

In 2017, biofouling management regulations, the first of their kind in the U.S. and among the first worldwide, were implemented. 176 vessels have been inspected since then. About half of the vessels were issued a grace period to correct record discrepancies, which is expected with a new regulatory regime. Outreach and targeted efforts are expected to increase the compliance rate in the coming years. Staff is working with government entities worldwide to help lead a new regulatory regime to reduce the risk of biofouling-mediated invasive species introductions.

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Other notable accomplishments for the Marine Invasive Species Program:

- **Enforcement:** The Marine Invasive Species Act Enforcement and Hearing Process was implemented on July 1, 2017. During the first 18 months of implementation, the Commission pursued 12 enforcement actions and settled five for a total of \$393,500 in penalties. Staff is in settlement negotiations for the remaining seven.
- **Pre-arrival Risk Assessment:** In 2016, the Ballast Water Management Report submission requirement was changed from “upon departure” to “24 hours prior to arrival at a California port.” This change enabled staff to review ballast water management activities before each vessel’s arrival to assess nonindigenous invasive species introduction risk. In late-2017, staff implemented an enhanced vessel prioritization process for inspections to focus on vessels representing the greatest risk. This helps staff to inform a vessel’s crew of possible noncompliance before arrival, allowing the vessel crew to alter ballast water management or discharge activities to achieve compliance.
- **Public Facing Web-based Vessel Reporting Application:** In 2017, staff launched a web-based user interface to allow online completion, submission, and tracking of reporting forms. The web application will improve transparency and customer service, while allowing the Program to function more efficiently and effectively.
- **Peer-Reviewed Journal Publications:** Staff co-authored four peer-reviewed journal articles and now requires all funded research contracts to include submission of a manuscript to a peer-reviewed journal.

### ***Climate Change/Sea Level Rise***

Strategy 1.4 of the Strategic Plan directs staff to incorporate strategies to address climate change, adapt to sea-level rise, incentivize water conservation, and reduce greenhouse gas emissions and the generation of litter and marine debris into all the Commission’s planning processes, project analyses, and decisions.

Decision-making processes related to leases on tidally-influenced Public Trust lands now integrate climate change and sea-level rise considerations. Staff uses many resources, including the internal, custom-built sea-level rise viewer that staff created and other free public models and visualization tools, as well as policy guidance from the Ocean Protection Council, the California Coastal Commission, and other agency partners, to understand and evaluate present and future impacts. Staff Reports describe this site-specific information to educate lease applicants, the public, and the Commissioners about climate vulnerabilities and risks, as well as options for increasing asset resiliency and adaptation. The lengths of leases and certain lease provisions negotiated in tidally-influenced areas now reflect climate change and sea-level rise considerations. Often the Commission leverages shorter lease terms in tidally influenced areas so that it can re-evaluate the lease area and sea-level rise conditions at more frequent intervals and, in some instances, crafts provisions for the purpose of

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tracking impacts, minimizing risks, implementing adaptation strategies, and maintaining public safety, health, and access.

Staff used several opportunities in 2018 to amplify the Commission's consistent stance on the imperative for greenhouse gas emissions reduction and to promote strategies to transition away from fossil fuel-based energy sources. The Commission implored the federal government to withdraw the Pacific Outer Continental Shelf from the proposed 2019-2024 oil and gas leasing program ([February 7, 2018](#)). In coordination with interagency partners, staff urged the federal government to revise its evaluation with respect to the Northern, Central, and Southern California Program Planning Areas and exclude California from the leasing program ([March 9, 2018](#)). In August, the Commission adopted a [resolution](#) to advance a vision for California's coastal future and directed staff to take appropriate actions to affirm its commitment to the protection and responsible economic use of coastal habitats. The Commission's resolution was a vital part of the Hope for the Coast campaign launched at the 2018 Global Climate Action Summit. And in October, the Commission adopted a [resolution](#) to advance a vision for California's blue economy that is grounded in collaboration and broad engagement among agencies and policymakers. The resolution resolves that the Commission will work with other agencies to promote the blue economy in policies and programs through balanced and optimal use of ocean and coastal resources. It also expresses the Commission's commitment to safeguarding the long-term health and resilience of California's ocean and coastal natural resources to foster economic security, provide opportunities for the workforce of tomorrow, and to enhance healthy ocean and coastal ecosystems for current and future generations.

Staff also participated in the development of the Ocean Protection Council's [2018 California Ocean Litter Prevention Strategy](#). Staff look forward to continuing to work with the Ocean Protection Council on this initiative as part of the implementation team being convened for 2019.

### ***San Diego Ocean Planning Partnership Pilot Project***

In 2016, The Commission and the Port of San Diego formed the San Diego Ocean Planning Partnership (SDOPP) through a [Memorandum of Agreement](#) to collaborate on an ocean planning pilot project in the ocean space offshore San Diego County. The purpose of this partnership is to effectively plan for use of the ocean space and local trust grantee participation in management. The SDOPP is a collaborative pilot project centered on understanding and balancing Public Trust ocean uses including commerce, navigation, fisheries, recreation, and environmental stewardship. The first phase, called the Assessment Phase, was completed in 2018 and culminated in the Commission's acceptance of the [San Diego Ocean Planning Partnership Preliminary Assessment Report](#). The purpose of the Assessment Phase was to better understand this ocean space through public engagement and compiling and reviewing relevant coastal and marine-related data. Through public engagement, the Partners heard from stakeholders

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about how they use the ocean space, their challenges with those uses, their previous experiences and concerns with similar planning processes, and their suggestions on how to manage an ocean planning process. This information may improve the process for the Commission to evaluate lease applications in the ocean space offshore San Diego and protect Public Trust resources.

This year, staff will release an interactive, free, public Web Mapping Application that will display the many datasets the Partners have collected and compiled throughout the Assessment Phase. This will be an informational tool that makes ocean conditions and Public Trust use and resource data available and accessible to everyone. It is meant to inform decision-making, raise awareness about the ocean space, and facilitate collaboration, communication, and coordination.

### ***Strategic Partnerships***

The Commission continues to embrace and promote collaboration and partnership with federal, state, regional, local, and academic agencies and organizations, as well as non-governmental organizations; private industry; and other stakeholders and interested parties. The Commission participates in collaborative partnerships with the California Natural Resources Agency, California Department of Fish and Wildlife, Office of Spill Prevention and Response, State Coastal Conservancy, Department of Parks and Recreation, federal Bureau of Land Management, federal Bureau of Ocean Energy Management, National Oceanic and Atmospheric Administration, and the U.S. Army Corps of Engineers. In addition, the Commission is a member of the California Coastal Commission, San Francisco Bay Conservation and Development Commission, Ocean Protection Council, Delta Protection Commission, Baldwin Hills Conservancy, the San Joaquin River Conservancy, and the Lower American River Conservancy Advisory Committee.

The Commission is also a signatory to cooperative interagency agreements with state and federal agencies, such as the agreement for implementation of the California network of marine protected areas, agreement for development of the Desert Renewable Energy Conservation Plan, and the San Francisco Bay Dredged Materials Management Office.

Funded by a federal grant, the Commission continues to partner with the California Coastal Commission on a joint initiative to enhance greater coordination on issues related to the Public Trust and sea-level rise. The Commission continued its collaboration with the U.S. Department of the Interior's Bureau of Ocean Energy Management and Bureau of Safety and Environmental Enforcement as part of the Interagency Decommissioning Working Group, which is focused on facilitating interagency planning and coordination for offshore oil and gas decommissioning projects.

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The Commission is active in the following collaborations and partnerships:

- San Diego Ocean Planning Partnership with the Port of San Diego
- San Francisco Waterfront Working Group
- Lake Tahoe Shoreline Plan Steering Committee
- West Coast Ocean Alliance (formerly the West Coast Regional Planning Body)
- Bureau of Energy Management Offshore Renewable Energy Task Force

### ***Coastal Hazard and Legacy Oil and Gas Well Removal and Remediation Program***

SB 44 (Jackson) provides up to \$2,000,000 annually to administer a coastal hazard and legacy oil and gas well removal and remediation program. The Commission made significant progress in 2018 and is poised to continue its progress until the 2027-2028 fiscal year, completing drone and dive surveys to determine sheen origins with well locations, assessing priority wells and developing a schedule for legacy oil and gas well re-abandonments, and continuing to remove coastal hazards. Last December, the Commission submitted its [SB 44 report](#) to the Legislature.

### Coastal Hazard Removal:

The Commission hired Cushman Contracting Company and Padre Associates, Inc., to respond and remove coastal hazards as they are identified and to provide environmental compliance monitoring work. In December 2018, Cushman Contracting removed approximately 66 steel H beams, 36 railroad irons, 28 wood pilings and 2 pipeline pieces in Santa Barbara County. This project cost approximately \$56,000.

In the coming months, staff will develop a plan to update the Commission's coastal hazards index, based on the most recent information, as well as develop a methodology and process to quickly mobilize aerial review of impacted coastal areas after storm events.

### Legacy Well Inventory and Remediation:

In 2018, the Becker Onshore Well at Summerland Beach in Santa Barbara County was successfully plugged and abandoned. The well was remediated ahead of schedule, under budget, and without incident.

Now, staff is focusing on the remaining 200 high priority legacy oil and gas wells that could, depending on their condition, leak oil into the marine environment. Staff plans to use regular aerial surveys to develop baseline data for releases from legacy wells or seeps, which will help determine whether a well is leaking oil. Once point sources are located, diving teams will determine whether the releases are from a known legacy well or a seep outcrop.

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### ***Granted Lands***

Staff continues to assist trustees with meeting the [AB 691 \(Muratsuchi\)](#) requirements, which requires certain trustees to prepare and submit to the Commission, by July 1, 2019, an assessment of the impacts of sea-level rise to their Public Trust lands and assets and information about how they will prepare for and address these impacts. To date, staff has received six out of 37 assessments. Staff has received numerous inquiries from trustees with questions regarding the requirements, available grants and funding sources, and requests for examples of submitted assessments. In the 2018-19 budget, the Commission received \$500,000 to assist grantees with AB 691 compliance. Now, staff is in the process of retaining a consultant to synthesize the assessments, understand common risks and adaptation approaches, evaluate the economic impacts to assets, and recommend next steps for resiliency planning and financing strategies for State lands and resources.

Staff issued a comprehensive public trust consistency determination letter and responded to six requests to review a grantee's capital expenditures. Staff also reviews annual financial reports required under Public Resources Code section 6306. Trustees are required to submit their financial information to the Commission by December 31 each year. In 2018, staff received and reviewed 47 financial reports. Some grantees have yet to submit their financial information owing to their local audit schedule.

The Commission also facilitated responsible redevelopment on granted lands. In April 2018, the Commission issued approvals related to the Mission Rock project in San Francisco, which involves a multi-use development on filled tidelands adjacent to the San Francisco Giants Ballpark.

Also, in April 2018, the Commission approved the third phase of the Naval Air Station Alameda Title Settlement and Land Exchange Agreement. This agreement will facilitate future redevelopment of this former military base in Alameda. In June 2018, the Commission approved a title settlement land exchange agreement in the city of Redwood City, allowing the City to proceed with the development of an affordable housing project and facilitating the development of a waterfront park and Bay Trail segment.

In August 2018, the Commission approved the Option Agreement, the Ground Lease, and the Development MOU for an affordable housing project on Seawall Lot (SWL) 322-1 in San Francisco. In 2007, legislation was enacted to temporarily lift the Public Trust and the City's statutory trust from certain designated seawall lots that have been filled and cut off from water. In 2011, the Port sponsored legislation to add SWL 322-1 to the list of designated seawalls lots and to authorize the Commission to make certain findings to allow for the development of an affordable housing project. The project will include 124 affordable units, one manager unit, and a restaurant on the ground floor. It

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may also include a 5,000-square-foot childcare center that will serve 55 children, some being from low-income families. Construction is anticipated to start in 2019.

### ***Bolsa Chica Lowlands Restoration Project***

In 2018, the Bolsa Chica Land Trust received grant funding for a study of the Bolsa Chica Lowlands Restoration Project in Huntington Beach. The funding, facilitated through collaboration with the Commission, will enable the Land Trust to hire a consultant to study the Project's design, analyze alternatives, and make recommendations on ways to sustain habitat while reducing long-term operational costs. The study will also consider the effects of climate change and sea level rise. Commission staff, along with on-site California Department of Fish and Wildlife staff, will coordinate with the Trust and their consultant to provide oversight, technical and historical data, and site access. The study is anticipated to begin in the spring of 2019 and be completed in 2020. The results will inform future funding efforts and long-term management decisions at Bolsa Chica.

### ***Public Access***

In August 2018, Dennett Dam, was removed from the Tuolumne River in the city of Modesto, Stanislaus County. The dam, originally built in 1937, was in a dangerous state of disrepair and posed a serious danger to recreational river users, including swimmers, boaters, rafters, and anglers. Since 2006, two children and one adult drowned at the dam. The dam also posed a physical barrier to migrating fish and impacted critical fish habitat. The Tuolumne River Preservation Trust, an environmental nonprofit organization, took the lead in planning the removal of the dam. The Commission partnered in the effort, securing \$500,000 in funding toward the removal cost of \$1,600,000 and issuing a lease for the removal work. The removal improves recreational boating on the Tuolumne River and anadromous fish passage and habitat. It also facilitates the Lower Tuolumne River Parkway development concept for a 500-acre park extending for 7 miles along the river, to increase recreational opportunities within the region. The removal of the dam aligns with Strategy 1.3 of the Commission's Strategic Plan, which directs staff to protect, expand, and enhance appropriate public use and access to and along the State's inland and coastal waterways.

Each year, about 3 million people visit Lake Tahoe. The Commission, as a key steward of Lake Tahoe, authorized [two agreements](#) in 2018 with the Tahoe Regional Planning Agency for shorezone permitting and enforcement of unauthorized buoys, vessels, and appurtenances on the California side of Lake Tahoe. The Commission has roughly 700 leases in Lake Tahoe for recreational structures, such as piers and buoys. The agreements improve coordination between the Commission and the Tahoe Regional Planning Agency, increase public access to Lake Tahoe, provide greater process certainty, and memorialize a beneficial partnership between the agencies.

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The Commission continues to promote public access in its leasing actions. In 2018 the Commission authorized 100 action items that promote Strategy 1.3. Most of these involve leases for recreational docks and piers that contain provisions intended to protect public access within the Public Trust easement at Lake Tahoe or on inland waterways.

### **Meet the Challenges of Our Future**

#### ***Workforce and Succession Planning***

The Commission developed its first-ever Workforce Plan and Leadership Succession Plan. Both Plans were designed using information from an Employee Engagement Survey that was also released in 2018 to measure how much employees care about their work and how connected they feel to the work they do. The survey questions asked employees to rate things like the importance of their work and level of communication with management. The Workforce and Leadership Succession Plans include several short and long-term talent management strategies that involve recruitment, onboarding, knowledge transfer, a mentor program, and a leadership development program.

In 2019, staff will develop and launch strategies to support these initiatives, including a mentor pilot program leadership seminars, an onboarding plan that facilitates engaged employees and career growth opportunities, strategies to make the Commission's workforce more inclusive and diverse, and a resource library for skills and information to be shared among employees and divisions. Staff is also reviewing the classifications of its authorized positions to ensure that they meet the current and future needs of the Commission. The Workforce and Succession Plans provide a roadmap to build and sustain a workforce to support the Commission's operational and strategic objectives.

#### ***Government Alliance on Race and Equity***

In 2018, staff participated in the Government Alliance on Race and Equity (GARE) Capitol Cohort pilot program. GARE is a national network of governments working to achieve racial equity and advance opportunities for all. GARE, in partnership with the California Health in All Policies Task Force, piloted a year-long Governing for Racial Equity Initiative to help state government departments, offices, boards, and commissions take a systemic approach to advancing racial equity.

In collaboration with the GARE cohort, staff is exploring opportunities in the Commission's work where environmental justice and equity intersect, which could include workforce development, contracting, hiring practices, and internal communication and training among staff about race and social equity. The next steps are to implement a Racial Equity Action Plan, with the goal of attracting and retaining a more racially diverse workforce and providing employees with knowledge and sensitivity about racial and social equity.

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### ***Promoting Renewable Energy***

Staff intensified efforts to help transition California to a lower carbon renewable energy generation system and promoted school lands for renewable energy development. The Commission currently has one wind farm lease, Tule Wind in San Diego County, and is processing two solar farm applications, Windhub Solar in Kern County and Aurora Solar in San Bernardino County. Additional efforts to develop renewable energy on school lands included:

- Completion of the [initial evaluation of school lands](#) parcels' potential for development of utility scale solar, wind, biomass, and geothermal facilities. In mid-2018, staff determined that the immediate focus should be on identifying school lands parcels for solar and wind development. All counties have been screened for wind potential and staff has identified 163 parcels with strong wind development favorability. Thirteen counties have been screened for solar favorability and so far, 182 school land parcels equating to 47,000 acres have been identified with strong solar potential. Work is underway to complete an evaluation of the remaining twelve counties for solar favorability.
- Identifying school lands parcels suitable for the expansion of electric vehicle charging stations. Staff held discussions with Chargepoint, EVBox, EVgo, Greenlots and Blink Charging Station companies to further examine the use of school lands parcels for development of electric vehicle charging stations.
- Staff met with Inyo, Kern, San Bernardino, and Riverside County Planning Departments to promote school lands for solar photovoltaic and wind energy development.
- Staff met with Department of Defense representatives to learn about military restrictions that may affect renewable energy development on school lands.
- Staff met with the Sierra Club and Defenders of Wildlife to discuss the Commission's renewable energy efforts and received feedback.
- Staff contacted the California Community Choice Aggregators and Imperial County Planning Department to discuss the Commission's landholdings.

### ***Enforcement and Compliance***

The Commission continues to make significant progress in its enforcement and compliance actions. Following are highlights from 2018.

- Rincon Island Limited Partnership (RILP), Rincon Island, Ventura County: In 2016, the Commission aggressively pursued an enforcement action against RILP, an oil and gas lessee operating at Rincon Island, an artificial island in the Santa Barbara Channel, because of lease term violations. RILP subsequently filed for bankruptcy protection and ultimately quitclaimed the leases back to the Commission. In September 2018, the Commission started plug and abandonment of upland wells located on the onshore portion of the Rincon Leases, completing nine well abandonments. Preparations to plug the Rincon Island wells are now underway, with the work projected to start in the first quarter

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of 2019. Onshore work is expected to continue through October 2019 and Island work is expected to continue through November 2020, with final project completion estimated for June 2021.

- Platform Holly/Venoco, LLC Bankruptcy, Santa Barbara County: In April 2017, Venoco quitclaimed its leasehold interests in three offshore oil and gas leases the Commission and filed for bankruptcy. The Commission subsequently secured the facilities, which include offshore oil production at Platform Holly and two production piers offshore the city of Goleta (Piers 421) and contracted for crews to manage the platform to prevent oil spills and discharge of harmful hydrogen sulfide gas. Plugging and abandonment of the two production wells at Piers 421 is expected to start in February 2019 and be completed within two months, weather conditions permitting. In 2018, contractors the Commission hired made progress in reconditioning Platform Holly in preparation for the plugging and abandonment of the platform wells. Well plug and abandonment work is expected to start in the summer of 2019 and take up to two years to complete. The Commission entered into the first of several agreements with ExxonMobil to provide for ExxonMobil's assumption of most of the costs associated with the plugging and abandonment work. Staff and the Attorney General's Office continue to pursue legal remedies through bankruptcy court. A comprehensive update on both the Rincon and Venoco oil and gas decommissioning projects is included in the Commission's [January 2019 Report on Abandoned Offshore Oil and Gas Wells](#).
- Surface leasing: The Commission authorized 140 actions, including new leases for previously unauthorized facilities, bringing holdover leases current and collecting late rent that resulted in \$367,315 in increased annual revenue to the General Fund.
- Staff performed numerous monthly desk audits of oil and gas royalties, five of which were found to be inaccurate and subsequently corrected, resulting in additional potential recoveries of \$49,951.
- Staff completed five royalty audits, resulting in recoveries of \$710,323. Another three royalty audits were initiated and are expected to be completed in 2019.

### **Engage Californians to Help Safeguard Their Trust Lands and Resources**

The Commission's continued stewardship of the State's lands and resources depends on public support and trust. The Commission and its staff worked hard in 2018 to build and sustain trust, and to facilitate an inclusive and transparent decision-making process.

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### ***Environmental Justice Policy***

In 2017, the Commission embarked on overhauling its Environmental Justice Policy. During 2018, staff focused on statewide outreach, with the goal of understanding the different issues Californians face related to the public lands and resources the Commission manages. Staff met with dozens of environmental justice organizations, local agencies, and individuals from Southern California to the Central Valley. Through this outreach staff gained a better understanding of communities' various concerns, how they differ from region to region, and how environmental justice is connected to the Commission's programs, statutory duties, mission, and vision. The Commission adopted an Environmental Justice Policy and Implementation Blueprint at its December 2018 public meeting ([Item 75, December 3, 2018](#)).

### ***Tijuana River***

The Commission was granted intervenor status in existing litigation against the U.S. Section of the International Boundary and Water Commission (USIBWC) to halt the flow of toxic waste and sewage from the Tijuana River into the Pacific Ocean. As such, the Commission joined a lawsuit filed by the San Diego Regional Water Quality Control Board against the USIBWC for violations of the Clean Water Act related to the cross-border pollution. The City of Imperial Beach, the City of Chula Vista, and the San Diego Unified Port District filed similar lawsuits. Staff is working with these partners to protect the public's right to use and enjoy sovereign lands in Southern California by holding the USIBWC accountable for its failure to comply with environmental law.

### ***Tribal Consultation***

The Commission is in year three of implementing its Tribal Consultation Policy. Staff has updated its procedures and application processes to incorporate tribal outreach and coordination, as well as AB 52 requirements related to tribal consultation during CEQA review. There are 155 tribes in California, including 109 federally recognized tribes and 46 non-federally recognized tribes. The Commission's tribal consultation work includes ensuring that the Commission complies with the requirements of AB 52 relating to tribal consultation during CEQA review and establishing and maintaining communication and coordination with Tribal Nations on important policy issues. Examples include tribal environmental justice, threats to coastal tribal resources and practices due to climate change, and the development of a tribal values report and associated National Register nomination at Owens Lake. There are currently 14 tribes who have requested AB 52 notification when the Commission is a lead agency under CEQA. In 2018, staff conducted outreach on six lead agency projects, spanning the state, from Camp Pendleton in the south to the town of Manchester in the north, and from the San Francisco Bay inland to the Sacramento River. Outreach included AB 52 consultation notifications and non-AB 52 outreach to ensure all tribes had an opportunity to provide meaningful input on Commission decisions.

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As part of its Environmental Policy development, staff conducted individual consultation with interested tribes and organized a two-day Tribal Summit in San Diego to learn about the environmental justice issues and concerns facing Native Nations. These consultations resulted in a better understanding by staff and incorporation of tribal environmental justice principles in the final policy. At Owens Lake, staff is coordinating with the five federally recognized Owens Valley tribes, the Los Angeles Department of Water and Power, the Great Basin Unified Air Pollution Control District, and the Bureau of Land Management to develop a nomination of the Lake to the National Register of Historic Places for its rich tribal cultural and archaeological data values.

### ***Public Service, Education, and Outreach***

The Commission recognizes that it is the continued strength of the democratic process that is vital to the sustainability and success of its mission and realization of its vision. The source of strength in the democratic process lies in public engagement. To increase the quality of public engagement, the public must be empowered to act. This empowerment can come in many forms that relate to the Commission's work, such as education, transparency, awareness, and communication.

In September 2018, the Commission hosted its 13<sup>th</sup> biennial [Prevention First Symposium](#), an onshore and offshore pollution prevention symposium and technology exhibition. Experts and professionals from academia, industry, and government from around the country gathered at this event to share information and introduce concepts in pollution prevention, with a focus on marine invasive species management, environmental protection, marine oil terminal engineering and maintenance standards, pipeline safety, risk analysis, many other areas involving maritime safety and pollution prevention. This two-day event, attended by hundreds of people, was ushered in with a keynote address from State Controller Betty Yee. The event included 65 presentations provided by 72 different speakers. It was well-attended and successfully showcased California's pollution prevention leadership and innovation. Twenty-six (26) of the speakers came from government, 11 of the speakers came from academia, and 35 of the speakers came from industry. In addition, an exhibit hall was continually utilized to house 42 exhibition booths/companies which proved to be an excellent networking and educational opportunity for all. The symposium was funded by 64 different sponsorships along with registration fees.

The Commission also strives to be responsive to Californians. In 2018, the Commission received 81 Public Records Act Requests and has responded to 64 to date. Staff also participated in numerous speaking engagements at regional, statewide, national, and international conferences, symposiums, and public meetings and authored various publications.

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### **Cultivate Operational Excellence by Integrating Technology**

In 2018, the use of technology to enable the Commission to serve the public was substantially expanded. Technology deliverables were focused in four areas to maximize the overall benefit. These focus areas included:

1. Improved systems reliability and protection of Commission data
2. Expanded use of collaboration tools
3. Automated business processes
4. Enabled digital content creation and transformation

#### ***Improved systems reliability and protection of Commission data***

Consistent with the State's "Cloud First" initiative, the Commission migrated 20 percent of its hosted servers to the cloud. An additional 25 percent of the servers are scheduled for migration in 2019. This will enable better cost management and increase the Commission's agility to manage growing computer and storage capacity needs. In addition, a Payment Card Industry (PCI)-compliant, secure credit card payment system was implemented for the public to submit lease application fees and rent.

#### ***Expanded use of collaboration tools***

Over 40 Microsoft SharePoint collaborative project sites were deployed to share information internally and externally. Examples include the Rincon decommissioning and Venoco bankruptcy collaboration sites. SharePoint has enabled a huge improvement in staff's ability to quickly meet collaboration needs (going from weeks to days), increasing the Commission's agility and responsiveness to customer needs.

Mobility services (laptops, secure office WiFi and Virtual Private Network) have expanded to additional job roles. Over a third of staff use Virtual Private Network, known as VPN, to connect remotely to internal IT services. One hundred percent of staff have access to Office 365 (Outlook email, SharePoint, OneDrive) services remotely after multi-factor authentication. Two additional video-enabled conference rooms were established, reducing the need for travel. Microsoft Skype-for-Business (chat, file sharing and video conferencing) use was expanded for internal and external collaboration. State issued smartphones were refreshed and are fully managed with a Mobile Device Manager.

#### ***Automated business processes***

In 2018, a new Staff Report Review process was fully implemented through SharePoint. Staff feedback indicates that an enormous amount of clerical time was eliminated after the new system was implemented. The Commission's SharePoint successes were featured in a TechWire (California government technology journal) [article](#).

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The Commission implemented a new electronic Form 700 service and an electronic timekeeping system. The timekeeping application dramatically reduced administrative time and work. While challenging, the Commission's implementation of Fi\$Cal, the State's new financial management system, is ongoing and staff is working through the process changes.

Great progress was realized with the Spatially Indexed Record Management System (SIRMS) project, which is only the 12th project in the State to complete the multi-year Project Approval Lifecycle (PAL) process. Phase 1, implementing the Online Lease Application process, is on schedule and within budget with a planned deployment in March 2019. Phase 2, GIS Records Integration, and Phase 3, Public Historic Records Portal, are scheduled to go live in May and June 2019.

### ***Enabled digital content creation and transformation***

Working with several San Diego Ocean Planning Partnership stakeholders, the Commission's Geographic Information Systems (GIS) team integrated more than 90 data sets and provided an initial prototype website for review. More digital content was created by several of the Commission's drone missions (with multiple flights each) in support of land surveys, visual assessments (e.g., Rincon Island), capturing video of a biofouling removal project, and mapping of northern California marine oil terminals. The Commission's GIS team is leading a California Natural Resources Agency-wide Drone Working Group. The GIS Open Data portal was completed and will be shared with the public when the Commission's updated website is launched in early 2019.

### **CONCLUSION:**

The Commission continued to make progress in achieving its Strategic Goals this past year. Staff intends to carry its same energy and momentum into the fourth year of the Strategic Plan. Some of the goals that staff hopes to accomplish or make significant progress on in 2019 include:

- Lead Innovative and Responsible Land and Resource Management
  - Start the plug and abandonment work at Platform Holly and the Piers 421 wells.
  - Continue the plug and abandonment work at the Rincon Island wells and the adjoining onshore wells.
  - Release an interactive, free, public Web Mapping Application for the San Diego Ocean Planning Partnership Pilot Project.
  - Update regulations for MOTEMS operations and safety.
  - Retain a consultant to assist grantees with AB 691 compliance and help the State protect legislatively-granted Public Trust lands from sea-level rise.

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- Continue to figure out ways to increase bond and security requirements on leases with significant facilities or infrastructure.
- Issue a Request for Proposals to inventory forested school Lands.
- Meet the Challenges of Our Future
  - Continue the evaluation of renewable energy resource potential on sovereign and school lands, including identifying potential school land sites suitable for electric vehicle charging stations.
  - Develop and launch activities to implement the Commission's Workforce and Succession Plans.
  - Implement a GARE Racial Equity Action Plan and provide staff with equity training.
- Engage Californians to Help Safeguard Their Trust Lands and Resources
  - Retain an Environmental Justice Liaison and continue to build on the Environmental Justice Implementation Blueprint.
  - Continue to hold Commission meetings in more diverse locations in California.
  - Expand the use of social media to connect with and inform a broader audience about the Commission's Strategic Goals, current issues, and future meetings.
  - Continuously update the Commission's website to add current content and to make it more appealing and informative.
- Cultivate Operational Excellence by Integrating Technology
  - Continue the transition to Fi\$Cal.
  - Continue to digitize historical and other important records.
  - Implement all 3 phases of SIRMS.
  - Develop a comprehensive cloud strategy and architecture to plan additional integrated cloud services and manage the current data storage challenges.
  - Upgrade the Oil Spill Prevention database backend, enabling future integration.
  - Implement a Sea Level Rise public GIS viewer.
  - Improve the MOTEMS scanning and storage process.

Staff look forward to continuing to achieve the Strategic Plan goals to the benefit all the people of California.